

Message Text

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UNCLAS MOSCOW 7028

USDOC FOR BEWT/TDAD (STECHSCHULTE) AND BEWT/USSR (HEISS)

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TAGS: BEXP, EALR, EEWT, EIND, UR

SUBJECT: GENERAL CABLE CORPORATION SIGNS \$5.5 MILLION CONTRACT
WITH SOVIETS TO INSTALL PRODUCTION FACILITY AT PODOL'SK

1. S. ROBERT BREITBARTH, EXECUTIVE VICE PRESIDENT FOR GENERAL CABLE CORPORATION OF GREENWICH, CONNECTICUT, TOLD COMATT MAY 17 THAT FIRM HAD SIGNED CONTRACT SAME DATE WITH SOVIET FTO LITSENSINTORG TO INSTALL \$5.5 MILLION FACILITY FOR PRODUCTION OF CROSS-LINKED POLYETHYLENE-CLAD CABLE IN PODOL'SK, ABOUT 50 KILOMETERS SOUTH OF MOSCOW. ACCORDING TO BREIM-45#, WHO WAS ACCOMPANIED BY TWO OTHER VICE PRESIDENTS OF GENERAL CABLE AND BY FIRM'S GENERAL COUNSEL, CONTRACT SIGNING CULMINATED NEARLY 18 MONTHS OF DISCUSSIONS WITH SOVIETS. CONTRACT COVERS SALE OF TECHNOLOGY, KNOW-HOW AND EQUIPMENT TO PRODUCE UNDERGROUND ELECTRICAL CABLE CAPABLE OF CARRYING LOADS OF BETWEEN 110,000 VOLTS AND 345,000 VOLTS.

2. BREITBARTH AND HIS ASSOCIATES PROVIDED FOLLOWING DETAILS OF CONTRACT:

-- DELIVERIES OF EQUIPMENT TO BEGIN WITHIN SIX MONTHS.
-- PAYMENT TERMS: SMALL DOWN PAYMENT (AMOUNT NOT DISCLOSED) WITH BALANCE TO BE PAID CASH-AGAINST-DOCUMENTS, PLUS THIRTY (30) DAYS.

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-- AGREEMENT TO EXCHANGE NEW TECHNOLOGY DEVELOPED EITHER BY FIRM OR BY SOVIETS FOR PRODUCTION OF POLYETHYLENE-CLAD CABLE OVER SEVEN (7) YEAR PERIOD FROM DATE OF CONTRACT.
-- PROVISION HAS BEEN MADE IN CONTRACT FOR SIGNIFICANT NUMBER OF MAN-DAYS OF TECHNICAL TRAINING FOR SOVIET PLANT SPECIALISTS AT GENERAL CABLE PLANTS IN U.S. (ACTUAL FIGURES NOT DISCLOSED). ALSO, FIRM EXPECTS TO SITE SEVERAL OF ITS

OWN TECHNICIANS IN USSR FOR UPWARDS OF TWO YEARS DURING PLANT CONSTRUCTION AND START-UP PHASE. TECHNICIANS WILL LIVE IN MOSCOW AND COMMUTE TO PODOL'SK DAILY.

3. THIS WAS GENERAL CABLE'S FIRST COMMERCIAL SUCCESS OVER TWO YEARS OF BIDDING ON PROJECTS IN SOVIET UNION, ACCORDING TO BREITBARTH, RANKING LITSENSINTORG OFFICIAL TOLD COMATT IN SIDE CONVERSATION THAT GENERAL CABLE HAD WON OUT OVER AT LEAST FIVE OTHER WESTERN COMPETITORS, WHICH HE REFUSED TO IDENTIFY BEYOND NOTING THAT THEY WERE AMERICAN AND JAPANESE FIRMS. QUERIES AS TO REASONS WHY SOVIET FTO HAD FINALLY SETTLED ON GENERAL CABLE OFFER, OFFICIAL REPLIED THAT FIRM'S BETTER PRICE WAS PRIME FACTOR, BUT ALSO SOVIETS HAS BEEN IMPRESSED BY GENERAL CABLE'S "CADRE" WHICH THEY CONSIDERED TECHNICALLY AND PROFESSIONALLY SUPERIOR TO THAT OF COMPETITION. REGARDING TECHNIAL PARAMETERS OF GENERAL CABLE'S FINAL PRODUCT, INCIDENTALLY, WE UNDERSTAND THAT NEW POLYETHYLENE-CLAD CABLE WILL ALLOW SOVIETS TO SWITCH FROM COPPER TO ALUMINUM CONDUCTOR WIRE. MOREOVER, OVERALL CIRCUMFERENCE OF CABLE WILL BE HALVED EVEN WHILE CURRENT LOAD CAPACITY IS INCREASED THUS RESULTING IN LARGE SAVINGS IN MATERIALS AND HANDLING COSTS.

4. COMMENT: THIS CONTRACT SIGNING FOLLOWS GENERAL TREND OF OTHER MEDIUM-SIZED DEALS WITH U.S. FIRMS CONSUMMATED IN RECENT MONTHS MOST OF WHICH HAVE BEEN ENERGY-RELATED. GENERAL CABLE'S ATTORNEY TOLD COMATT THAT IT WAS AGAINST FIRM'S POLICY ANYWHERE ELSE IN WORLD TO ACCEPT ANY KIND OF TIME LAG IN PAYMENT WHEN AGREEING TO CASH-AGAINST-DOCUMENT TERMS. FIRM AGREED TO 30-DAY LAG WITH SOVIETS, HOWEVER, ONLY BECAUSE UNCLASSIFIED

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SOVIETS WERE FIRMLY INSISTENT ON POINT, AND BECAUSE OF RELATIVELY LARGE SIZE OF CONTRACT.
MATLOCK

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, BUSINESS FIRMS, CONTRACTS, INDUSTRIAL PLANTS
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Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
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